

**MINUTES**  
**LEGISLATIVE GOVERNMENT OVERSIGHT COMMITTEE**  
**May 15 & 16, 2006**

The Legislative Government Oversight Committee met May 15, 2006, in the Supreme Court Chamber at the Capitol. Chair Representative Alons called the meeting to order at 11:05 a.m. Other members present were:

Senator Ron Wieck, Chair  
Senator Michael Connolly  
Senator Pat Ward

Representative Joe Hutter, VC  
Representative Vicki Lensing, RM  
Representative Clel Baudler  
Representative Jamie Van Fossen  
Representative Wes Whitead  
Representative Cindy Winckler

**OVERVIEW**

The primary focus of the meeting concerned questioning directed at former and present CIETC Board members and Department of Workforce Development personnel, and a discussion regarding additional funding for the Office of State Ombudsman based upon accountability legislation passed during the 2006 legislative session.

**COMMITTEE INQUIRY**

Mr. Tom Vlassis, former CIETC Board member. Areas of inquiry by committee members and commentary by Mr. Vlassis included his background and length of service on the CIETC board, appointment to the board through the Des Moines City Council, the number of other boards he has been associated with, the interpretation of his role on the board as primarily that of a "rubber stamp" rather than an in-depth oversight function based on observation of how board appeared to operate, awareness of the 2004 Department of Labor audit and uncertainty as to why no action was taken based on its findings, inability to recall board approval or reconfirmation of Mr. Archie Brooks sole authority to sign off on bonus payments, and his trust that CIETC management was operating in an above-board capacity. Additional discussion included Mr. Vlassis' resignation based upon the notoriety the situation was receiving and his discomfort with the problems uncovered and direction of the board, his assistance in CIETC receiving matching funds from the city of Des Moines, travel to Washington D.C. to discuss CIETC with legislators, and the status of CIETC as an intergovernmental agency and repayment responsibilities of agencies involved. Mr. Vlassis indicated that he did not possess sufficient information or involvement with CIETC to speculate on ultimate responsibility for the salary and bonus payment concept and schedule.

Mr. John Mauro, former CIETC Board member. Areas of inquiry by committee members and commentary by Mr. Mauro included, as with Mr. Vlassis, background and length of service on the CIETC board, other boards Mr. Mauro has been associated with, and a similar conception that financial matters including salaries and bonus payments were primarily the purview of the Department of Workforce Development and CIETC management. Mr. Mauro's relationship to

other Mauro family members and their employment in two local insurance agencies was reviewed, the involvement of one of those agencies in writing health insurance but not life insurance for CIETC was clarified, his lack of success in obtaining copies of CIETC board meeting minutes noted, and a general lack of awareness regarding bonus payments, affiliation of other board members with CIETC, and the extent of Mr. Brooks' authority acknowledged. Mr. Mauro indicated that although he initially felt it appropriate to resign from the board, he now regrets that decision and feels he could have provided assistance as the board attempt to regroup, and that, as Mr. Vlassis indicated, he did not have sufficient information or involvement with CIETC to speculate on ultimate responsibility for the salary and bonus payment concept and schedule.

### **RECESSED**

Representative Alons recessed the meeting at 2:55 p.m.

## **May 16, 2006**

Representative Alons called the meeting to order at 9:05 a.m.

### **COMMITTEE INQUIRY**

Mr. Anthony Dietch, Division Administrator, Department of Workforce Development. Mr. Dietch presented a statement to the committee highlighting his professional background, job responsibilities in the Division of Workforce Center Administration at Iowa Workforce Development, current administrative leave status and related frustration, his perspective that commitment to customer service was discarded by CIETC upper management in favor of personal gain, the failure of the CIETC board and leadership to provide oversight, and a similar attitude of complacency apparent on the part of the Regional Workforce Investment Board. Mr. Dietch concluded his statement with the recommendations that local boards hire independent staff to perform oversight, that budgetary information should be provided to state and local oversight entities and to the general public, and that funding allocations could be made on a two-year basis with carryover capacity after the first year.

In response to committee inquiry regarding his recollection of the November 8<sup>th</sup> and 9<sup>th</sup>, 2005 meetings regarding the investigation into CIETC salary levels, Mr. Dietch summarized the meetings as resulting in Ms. Jane Barto placing Mr. Ervin Fett in charge of the investigation in place of Mr. Kelly Taylor, communication with the Department of Labor and a perceived discouragement of their continued involvement pending the Department of Workforce Development's own investigative efforts, a desire to get the matter quickly resolved, and the reliance of CIETC upper management on their employment agreements and previous Department of Labor audits as supporting the salary levels. Discussion included the 2004 Department of Labor audit not being brought to Mr. Dietch's attention, his perception that the excessive salary and bonus payments adversely impacted client services, CIETC cost levels relative to other areas of the state, the distribution stream of federal funding to CIETC, the extent to which his degree of responsibility for personal oversight is mitigated by the local control nature of the program, and his speculation that the question of ultimate responsibility for the salary and bonus payment amounts and frequency might be motivated by a desire to enhance salary levels prior to retirement.

Mr. Ervin Fett, Division Administrator, Department of Workforce Development. Areas of inquiry by committee members and commentary by Mr. Fett included his professional background and work experience in the Department of Management prior to joining the Department of Workforce Development, current job responsibilities and the extent to which financial oversight of CIETC was or should have been involved, and a less-detailed recollection of the November 2005 meetings as primarily consisting of an instruction by Ms. Barto that he forward information supplied by CIETC to the Department of Labor.

Mr. Dave Reed, Chairperson, CIETC Board. Areas of inquiry by committee members and commentary by Mr. Reed included his prior and current status on the board, functioning of the board in the wake of the CIETC investigation, the lack of awareness by the board's Executive Committee relating to salary levels and bonuses, and questions concerning IPERS retirement calculation adjustments. Mr. Reed concurred that board members essentially operated in a "rubber stamp" capacity, welcomed legislative efforts to address the situation, predicted improved board functioning across a wide spectrum based on the CIETC investigation, and expressed support for the idea of turning over CIETC agency operation to the Des Moines Area Community College.

Mr. William Angrick, State Ombudsman, presented copies of the office's current budget request for fiscal year 2007, and a proposed additional request reflecting the addition of three dedicated personnel at a cost of approximately two-hundred eighty thousand dollars based on accountability legislation passed during the 2006 legislative session. Committee discussion included the need to be able to adequately respond to whistleblower input from the outset versus uncertainty as to a projected number of such requests. It was determined that additional review and consideration was appropriate.

### **PROCEDURAL ASPECTS**

In addition to a general discussion of upcoming schedules and the need for adequate agenda notification, a request was made to add Mr. Dave Reed and Des Moines Area Community College officials to an upcoming agenda to discuss assistance efforts for Whirlpool employees.

### **ADDITIONAL INFORMATION**

Committee meetings involving CIETC are being recorded, and can be linked via the opening page of the General Assembly internet homepage. A website address for the recorded meetings is: [http://www4.legis.state.ia.us/lfb/SubCom/related links/OversightRecordings.html](http://www4.legis.state.ia.us/lfb/SubCom/related_links/OversightRecordings.html).

### **NEXT MEETINGS**

The committee is scheduled to meet May 22-23, 2006 in the Supreme Court Chamber of the Statehouse. The meeting will commence at 11:00 a.m. on the 22<sup>nd</sup> and at 9:00 a.m. on the 23<sup>rd</sup>.

### **ADJOURNED**

Representative Alons adjourned the meeting at 1:10 p.m.